

Message Text

CONFIDENTIAL

PAGE 01 SEOUL 02645 171003Z

16

ACTION EA-10

INFO OCT-01 NEA-09 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 SAM-01 EB-07 COME-00 AID-05 TRSE-00 OMB-01

IO-10 /088 W

----- 052388

P R 170856Z APR 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 9498

INFO AMEMBASSY TOKYO

AMEMBASSY JIDDA

CINCPAC

C O N F I D E N T I A L SEOUL 2645

EO 11652: GDS

TAGS: EAID, KS

SUBJECT: EXTERNAL ASSISTANCE TO KOREA FROM JAPAN AND
SAUDI ARABIA

1. ECON CONS MET TODAY WITH LEE SUN KI, ASSISTANT
MINISTER, ECONOMIC PLANNING BOARD (EPB), WHO RECENTLY
RETURNED FROM A MONTH LONG TRIP TO SAUDI ARABIA AND JAPAN.
LEE SPENT APPROXIMATELY THREE WEEKS IN JAPAN, PRESENTING
THE ROKG LOAN REQUESTS TO THE GOVERNMENT OF JAPAN (GOJ).
AFTER MUCH DISCUSSION AND NEGOTIATION, THE ROKG AND GOJ
AGREED TO CONSIDER THE FOLLOWING LOANS FOR FINANCING IN
THE CALENDAR YEAR 1975. ALL MAGNITUDES ARE TENTATIVE.

	LOAN	
	FUND	AMOUNT
PROJECT	SOURCE	US \$ MIL.
1. BUKPYONG HARBOUR DEV.	OECF	45.0
2. INSTALLATION OF DOUBLE TRACK	OECF	60.0

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SEOUL 02645 171003Z

ON CHUNG BUK RAILROAD LINE

3. CONSTRUCTION OF DAM AT YOJU OECF 85.0
AND POWER PLANT AT YANGSOO

4. PROGRAM LOAN (COMMODITIES) 40.0
 OECF (20.0)
 EXIM (20.0)

TOTAL 230.0

2. ACCORDING TO LEE, THE MINISTER OF FINANCE, OHIRS, WAS OPPOSED TO EXTENDING SUBSTANTIAL PROGRAM LOANS TO KOREA, ARGUING THAT LONG-TERM, LOW INTEREST LOANS SHOULD BE RESERVED FOR THE LEAST DEVELOPED COUNTRIES, SUCH AS BANGLADESH, AND SHOULD NOT BE EXTENDED TO KOREA WHICH POSSESSES A STABLE ECONOMY, INDUSTRIAL SOPHISTICATION, AND THE ABILITY TO OBTAIN LOANS VIA COMMERCIAL AND OTHER SOURCES. IN A DISCUSSION WITH THE MINISTER OF FOREIGN AFFAIRS, MIYAZAWA, LEE ARGUED THE ROKG HAS SUFFERED SEVERE BALANCE OF PAYMENTS PRESSURES LARGELY DUE TO THE INCREASED COST OF PETROLEUM. IN ADDITION, KOREA WAS ASSUMING A SIGNIFICANT SHARE OF THE MILITARY BURDEN FOR THE DEFENSE AND SECURITY OF NORTHERN ASIA. THE MINISTER OF FOREIGN AFFAIRS ACCEPTED THESE ARGUMENTS AND, IN A TELEPHONE CONVERSATION WITH THE MINISTER OF FINANCE, WITH LEE PRESENT, STRESSED THAT KOREA'S DEFENSE BURDEN AND BALANCE OF PAYMENTS PRESSURES WERE OF MUTUAL CONCERN TO JAPAN AND KOREA AND THAT IT WOULD BE IN THE BEST INTEREST OF BOTH COUNTRIES TO EXTEND A PROGRAM LOAN TO KOREA AT THIS TIME. FOLLOWING THIS CONVERSATION, THE GOJ AGREED TO PROVIDE KOREA WITH TWELVE BILLION YEN, APPROXIMATELY DOLS 40 MILLION, IN PROGRAM ASSISTANCE IN 1975. THE PROGRAM LOAN WILL BE USED TO ALLEVIATE BALANCE OF PAYMENTS PRESSURES AND THE PROCEED WILL BE EXPENDED FOR AGRICULTURAL DEVELOPMENT ACTIVITIES. (AMB NISHIYAMA HAS CONFIRMED SIMILAR INFIGHTING BETWEEN FORMIN AND FINMIN.)

3. THE FOREIGN MINISTER CONFIDED TO LEE THAT LEADERSHIP BY PRIME MINISTER MIKE WAS WEAK. THE FOREIGN MINISTER STATED THAT EACH OF THE MINISTERS CURRENTLY SERVING IN THE JAPANESE CABINET "CONSIDERS HIMSELF A PRIME MINISTER".
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SEOUL 02645 171003Z

4. REGARDING THE CONSTRUCTION OF THE DAM AT YOJU, LEE INDICATED THAT FINAL AGREEMENT COULD NOT BE REACHED UNTIL THE TOTAL A&E PLANS ARE COMPLETED. HOWEVER, THE GOJ HAS AGREED IN PRINCIPLE TO FINANCE THIS PROJECT.

5. LEE ALSO COMMENTED ON HIS TRIP TO SAUDI ARABIA. HE HAD A CONFERENCE WITH THE LATE KING FAISAL ON MARCH 24,

WHO AGREED IN PRINCIPLE TO PROVIDE ASSISTANCE TO KOREA, STATING THAT SAUDI ARABIA FELT A MORAL OBLIGATION TO AID LESS DEVELOPED COUNTRIES. LEE SAID THE ROKG REQUESTED DOLS 200-300 MILLION FROM SAUDI ARABIA BUT IS STILL AWAITING FINAL APPROVAL ON THEIR REQUEST, AS WELL AS THE TERMS AND CONDITIONS UNDER WHICH SAUDI ARABIAN ASSISTANCE WILL BE EXTENDED. LEE STATED THAT THE SAUDI ARABIAN GOVERNMENT HAD ADVISED THAT SAUDI EXTERNAL ASSISTANCE FROM NOW ON WILL BE REGULARIZED AND EXTENDED THROUGH THE SAUDI ARABIAN DEVELOPMENT FUND AND THE SAUDI ARABIAN MONETARY AGENCY. THESE TWO ENTITIES WILL BE RESPONSIBLE FOR THE TOTALITY OF ASSISTANCE PROGRAMS IN THE FUTURE. LEE SAID SAUDI ARABIA WAS INTERESTED IN SEEING ANY ASSISTANCE EXTENDED BY THEM USED TO FINANCE PROJECTS IN THE AGRICULTURE SECTOR.
SNEIDER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN ASSISTANCE, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 17 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SEOUL02645
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750134-0616
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750441/aaaabmim.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2003 by BoyleJA>; APPROVED <18 NOV 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXTERNAL ASSISTANCE TO KOREA FROM JAPAN AND SAUDI ARABIA
TAGS: EAID, KS, JA, SA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006